

Discounts, Weight Discounts, and other adjustments pursuant to Section 5© for each Load.

© Total Market Price will be determined by using the IBP grade premiums and discounts as described in 1(p). As described in Section 1(p), the grade premiums and discounts may change.

(d) When the Total Market Price is less than the Floor Price (the Total Market Price will be converted from a carcass to a live price) then the Floor Price shall be paid. The difference between the Total Market Price, and the Floor Price multiplied by the total live weight (expressed in cwt) of that Load, the Deficiency Amount, shall be drawn from the Reserve Account if it has a positive balance. When the Reserve Account balance has been reduced to zero, then the Deficiency Amount shall be accrued in the Deficiency Account pursuant to Section 6.

Section 6. Pricing Adjustments

(a) When there are Deficiency Amounts, and when the Reserve Account has a zero balance, such Deficiency Amounts will be accounted for by IBP in the Deficiency Account as follows:

(i) The Deficiency Account will be charged interest at the prime rate, as reported in The Wall Street Journal ("Interest Rate"), during the Term of this Agreement.

(ii) The Deficiency Account will be solely Producer's responsibility to repay pursuant to Section 7. When there is a balance in the Deficiency Account, interest will accrue at the Interest Rate, which will be adjusted quarterly and compounded on a quarterly basis on the first day of each quarter, and will be added to the Deficiency Account balance owed to IBP, unless provided for otherwise.

(iii) At the end of the Term of the Agreement, any amount, with interest, that has accrued in the Deficiency Account shall be repaid to IBP by Producer within 10 days after termination. If Producer chooses not to repay IBP at the end of the Term, Producer will continue deliveries of Market Hogs to IBP until the Deficiency Account is repaid according to Section 7. If Producer wishes to continue to deliver Market Hogs after the Term to pay the Deficiency Account, Producer must receive IBP's written approval and Producer must deliver a minimum of 1845 Market Hogs per week. If IBP and Producer agree to continue deliveries after the end of the Term, the Deficiency Account balance cannot be increased and if the Total Market Price drops below the Floor Price the Total Market Price will be paid.

(iv) IBP agrees to maintain records relating to the Deficiency Account and upon Producer reasonable requests, IBP shall furnish copies of such records to Producer or extracts therefrom.

(v) If the Deficiency Account balance reaches \$500,000 during a quarter, Producer will pay IBP for all accrued interest and all other amounts that exceed the \$500,000. Such payments will be made within 5 days of the end of each quarter in which the balance exceeds \$500,000. The Floor Price will